

REPORT
WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
JUNE 30, 2012 AND 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 06 2013**

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY**

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INDEPENDENT AUDITOR'S REPORT

December 14, 2012

Peter J. Fos, President
University of New Orleans
New Orleans, Louisiana

We have audited the accompanying financial statements of WWNO-FM Radio Station (the Station), which is operated as a public telecommunications entity by the University of New Orleans, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2012 and 2011, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 6 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of functional expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of functional expenses has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Duplantier, Hrapmann, Hogan & Maher, LLP

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

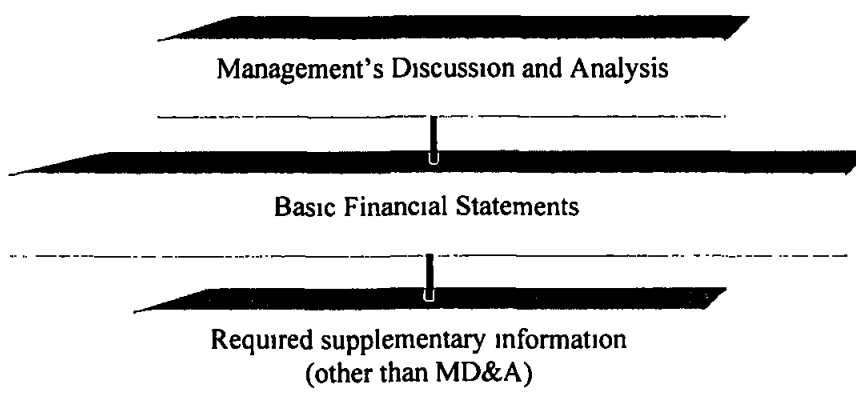
The Management's Discussion and Analysis of the WWNO-FM Radio Station financial performance presents a narrative overview and analysis of WWNO-FM Radio Station's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the WWNO-FM Radio Station financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- ★ WWNO-FM Radio Station's assets exceeded liabilities at the close of fiscal year 2012 by \$1,019,493, which represents a decrease from the last fiscal year. The net assets decreased by \$126,919 or (11.07) %.
- ★ WWNO-FM Radio Station's operating revenue increased \$231,572 or 20.70% while operating expenses increased \$150,238 or 8.88%. Non-operating revenues and capital contributions decreased \$14,281 or (3.76)%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Station established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information, if applicable.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

The financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The graph shows how the required parts of this annual report are arranged and relate to one another.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for WWNO-FM Radio Station as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (page 7) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of WWNO-FM Radio Station is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets (page 8) presents information showing how WWNO-FM Radio Station's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 9-10) presents information showing how WWNO-FM Radio Station's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2012 and 2011
(in thousands)

| | <u>2012</u> | <u>2011</u> |
|---|-----------------|-----------------|
| Current and other assets | \$ 1,029 | \$ 1,114 |
| Capital assets | <u>69</u> | <u>93</u> |
| Total assets | <u>1,098</u> | <u>1,207</u> |
| Current liabilities | 14 | 7 |
| Noncurrent liabilities | <u>65</u> | <u>54</u> |
| Total liabilities | <u>79</u> | <u>61</u> |
| Net assets | | |
| Invested in capital assets, net of debt | 69 | 93 |
| Unrestricted | <u>950</u> | <u>1,053</u> |
| Total net assets | <u>\$ 1,019</u> | <u>\$ 1,146</u> |

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Restricted net assets represent those assets that are available for spending on restricted purposes only as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Statement of Revenues, Expenses and Changes in Net Assets
as of June 30, 2012 and 2011
(in thousands)

| | <u>2012</u> | <u>2011</u> |
|------------------------------------|-----------------|-----------------|
| REVENUES | | |
| Operating revenues: | | |
| Operating grants and contributions | \$ 1,350 | \$ 1,119 |
| Nonoperating revenues | | |
| University support | 364 | 360 |
| Investment earnings | <u>2</u> | <u>3</u> |
| Total revenues | <u>1,716</u> | <u>1,482</u> |
| OPERATING EXPENSES | | |
| Public broadcasting | <u>1,843</u> | <u>1,693</u> |
| Total expenses | <u>1,843</u> | <u>1,693</u> |
| CAPITAL CONTRIBUTIONS | <u>-</u> | <u>17</u> |
| DECREASE IN NET ASSETS | <u>\$ (127)</u> | <u>\$ (194)</u> |

WWNO-FM Radio Station's total revenues increased approximately \$217,291 or 14.50%. The total cost of all programs and services increased by approximately \$150,238 or 8.88%.

CAPITAL ASSET ADMINISTRATION

At June 30, 2012, WWNO-FM Radio Station had \$69,206 (net of accumulated depreciation of \$566,739) invested in capital assets, all of which is equipment.

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

WWNO-FM Radio Station management considered the following factors and indicators when planning next year's operations:

- ★ Industry factors
- ★ Cost of living adjustments for salaries and other expenses

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

CONTACTING THE WWNO-FM RADIO STATION MANAGEMENT

This financial report is designed to provide our supporters, benefactors, listeners and creditors with a general overview of WWNO-FM Radio Station's finances and to show WWNO-FM Radio Station's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paul Maassen, General Manager of WWNO-FM, University of New Orleans, New Orleans, Louisiana 70148.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND 2011

| <u>ASSETS</u> | <u>2012</u> | <u>2011</u> |
|--|---------------------|---------------------|
| Current Assets | | |
| Cash | \$ 12,797 | \$ 34,315 |
| Pledges receivable, net of allowance of \$-0- and \$-0-, respectively | 39,609 | 59,987 |
| Due from UNO Foundation | 164,481 | 168,797 |
| Deferred charges and prepaid expenses | 11,921 | 51,179 |
| Total current assets | <u>228,808</u> | <u>314,278</u> |
| Noncurrent Assets | | |
| Cash - board designated reserve | 800,000 | 800,000 |
| Capital assets, net | 69,206 | 93,481 |
| Total noncurrent assets | <u>869,206</u> | <u>893,481</u> |
| Total Assets | <u>\$ 1,098,014</u> | <u>\$ 1,207,759</u> |
| <u>LIABILITIES</u> | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 13,415 | \$ 7,082 |
| Compensated absences | - | 288 |
| Total current liabilities | <u>13,415</u> | <u>7,370</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 65,106 | 53,977 |
| Total noncurrent liabilities | <u>65,106</u> | <u>53,977</u> |
| Total liabilities | <u>78,521</u> | <u>61,347</u> |
| <u>NET ASSETS</u> | | |
| Invested in capital assets, net of related debt | 69,206 | 93,481 |
| Unrestricted | 950,287 | 1,052,931 |
| Total net assets | <u>1,019,493</u> | <u>1,146,412</u> |
| Total Liabilities and Net Assets | <u>\$ 1,098,014</u> | <u>\$ 1,207,759</u> |

See accompanying notes

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|---|---------------------|---------------------|
| OPERATING REVENUES | | |
| Corporation for Public Broadcasting | \$ 148,527 | \$ 179,179 |
| Donated services income | 124,188 | 141,929 |
| Other operating revenues | <u>1,077,750</u> | <u>797,785</u> |
| Total operating revenues | <u>1,350,465</u> | <u>1,118,893</u> |
| OPERATING EXPENSES | | |
| Program services. | | |
| Programming and production | 773,210 | 674,940 |
| Broadcasting | 435,637 | 403,355 |
| Program information and promotion | 169,742 | 147,960 |
| Support services | | |
| Management and general | 263,843 | 267,145 |
| Fund raising and membership development | 129,680 | 118,126 |
| Underwriting and grant solicitation | <u>70,800</u> | <u>81,148</u> |
| Total operating expenses | <u>1,842,912</u> | <u>1,692,674</u> |
| Operating loss | <u>(492,447)</u> | <u>(573,781)</u> |
| NONOPERATING REVENUES | | |
| University support | 363,536 | 360,149 |
| Net interest income | <u>1,992</u> | <u>2,705</u> |
| Total nonoperating revenues | <u>365,528</u> | <u>362,854</u> |
| Loss before capital contributions | (126,919) | (210,927) |
| CAPITAL CONTRIBUTIONS | | |
| Capital gifts and grants | <u>-</u> | <u>16,955</u> |
| Decrease in net assets | (126,919) | (193,972) |
| Net assets at beginning of year | <u>1,146,412</u> | <u>1,340,384</u> |
| Net assets at end of year | <u>\$ 1,019,493</u> | <u>\$ 1,146,412</u> |

See accompanying notes

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|---|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Corporation for Public Broadcasting | \$ 148,527 | \$ 179,179 |
| Payments for employee compensation | (525,189) | (450,632) |
| Payments for benefits | (176,219) | (134,913) |
| Payments for supplies and services | (573,073) | (580,195) |
| Other receipts | 1,102,444 | 930,836 |
| Net cash used by operating activities | <u>(23,510)</u> | <u>(55,725)</u> |
| Cash flows from capital financing activities | | |
| Capital grants and gifts received | - | 16,955 |
| Purchase of capital assets | <u>-</u> | <u>(16,955)</u> |
| Net cash used by capital financing activities | <u>-</u> | <u>-</u> |
| Cash flows from investing activities | | |
| Interest received on investments | <u>1,992</u> | <u>2,705</u> |
| Net cash provided by investing activities | <u>1,992</u> | <u>2,705</u> |
| Net decrease in cash | (21,518) | (53,020) |
| Cash at beginning of the year | <u>834,315</u> | <u>887,335</u> |
| Cash at the end of the year | \$ <u><u>812,797</u></u> | \$ <u><u>834,315</u></u> |
| Non-Cash Financing Activities | | |
| University support | \$ 363,536 | \$ 360,149 |
| In-kind contributions | <u>124,188</u> | <u>141,929</u> |
| | \$ <u><u>487,724</u></u> | \$ <u><u>502,078</u></u> |

See accompanying notes

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

(Continued)

| | <u>2012</u> | <u>2011</u> |
|---|--------------------|--------------------|
| Reconciliation of operating loss to net cash used by operating activities: | | |
| Operating loss | \$ (492,447) | \$ (573,781) |
| Adjustments to reconcile operating loss to net cash used by operating activities | | |
| Depreciation expense | 24,275 | 24,980 |
| University support | 363,536 | 360,149 |
| Changes in assets and liabilities | | |
| Decrease in receivables, net | 24,695 | 133,051 |
| (Increase) decrease in deferred charges and prepaid expenses | 39,257 | (158) |
| Increase (decrease) in accounts payable and accrued liabilities | 6,333 | (2,049) |
| Increase in compensated absences | <u>10,841</u> | <u>2,083</u> |
| Net cash used by operating activities | \$ <u>(23,510)</u> | \$ <u>(55,725)</u> |
| Reconciliation of Cash to the Statements of Net Assets | | |
| Cash classified as current assets | \$ 12,797 | \$ 34,315 |
| Cash classified as noncurrent assets | <u>800,000</u> | <u>800,000</u> |
| | \$ <u>812,797</u> | \$ <u>834,315</u> |

See accompanying notes

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

ORGANIZATION

The Louisiana State University Board of Supervisors (the Board), the governing body over all campuses under the organizational structure of the LSU System, approved establishment of a public radio station (network) to be housed at, and operated by, the University of New Orleans (UNO). In February 1972, the Federal Communication Commission (FCC) assigned the radio station the call letters WWNO-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1973, the radio station attained this status.

In December 1994, WWNO received permission to establish a second radio station to serve the Thibodaux and Houma areas. In February 1995, the FCC assigned this second radio station the call letters, KTLN. KTLN received its license and began operating as a simulcast station of WWNO-FM in August 1995.

WWNO-FM Radio Station (the Station) is a departmental budget unit of UNO and is reported in the university's annual financial statements in the same respect as a public service department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Basis of Presentation

The Station's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Station applies the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) unless those pronouncements conflict with or contradict GASB pronouncements. In addition, these financial statements include the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*.

Reporting Entity

The Station is a public telecommunications entity operated by the University of New Orleans. The accompanying financial statements of the Station contain sub-account information of the University of New Orleans. As such, the accompanying financial statements present information only as to the transactions of the Station as authorized by Louisiana statutes and administrative regulations. Annually, the University of New Orleans issues both comprehensive and general-purpose financial statements, which include the activity contained in the accompanying financial statements.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. The Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Board-Designated Reserve.

Certain assets are segregated and classified as noncurrent assets and may not be used except for specific board-designated purposes.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Station's policy to use unrestricted resources first, then restricted resources as they are needed.

Capital Assets

Capital assets are reported at cost at the date of acquisition or their estimated fair value on the date of donation. The Station follows Louisiana Property Assistance Agency (LPAA) policy for capitalizing and reporting equipment. For movable property, the Station's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Routine expenditures for maintenance and repairs which do not materially extend the useful life of the asset are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 5 to 12 years for movable property. In accordance with University policies, a full year of depreciation is taken in the year of acquisition.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents includes all highly liquid investments (including restricted assets) with maturity of three months or less when purchased

Revenue Recognition

Pledged contributions are recorded as revenue when the promise to give is made. Other contributions are recorded as revenue when received. Revenue from grants is recognized as revenue to the extent that expenses are incurred. Contributions collected by the UNO Foundation on behalf of the Station and used to pay expenses on behalf of the Station are not recognized as revenue in the financial statements. The related expenses are also not recognized in these financial statements.

In-Kind Contributions

University support provided by UNO is recorded in revenue and expense when received.

Donated services from various private businesses and organizations are recorded in both revenue and expense at the fair value of the services received.

Net Assets

The Station's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt

This represents the Station's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction or improvement of those capital assets, if any.

Unrestricted Net Assets

Unrestricted net assets represent resources used for transactions relating to the general operations of the Station and may be used at the discretion of the Station's management to meet current expenses and for any purpose.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Classification of Revenues

The Station has classified its revenues as either operating or nonoperating revenues according to the following criteria

Operating Revenues

Operating revenues include activities that have the characteristics of exchange transactions, such as most federal, state and local grants, contracts and federal appropriations. Operating revenues also include contributions of cash and services donated by outside parties.

Nonoperating Revenues

Nonoperating revenues include other activities, such as University support and investment income

2. CASH AND CASH EQUIVALENTS

At June 30, 2012 and 2011, cash consisted of interest-bearing demand deposits totaling \$812,797 and \$834,315, respectively. As of June 30, 2012 and 2011, \$800,000 of the cash has been designated by the Board as a reserve and is recorded as a noncurrent asset. These deposits are part of pooled cash held and controlled by UNO (Louisiana State University System) and are secured from risk by the university through a custodial agreement.

Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits may not be recovered. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

3. OTHER POSTEMPLOYMENT BENEFITS

The University of New Orleans provides certain continuing health care and life insurance benefits for its retired employees. All of the University's employees become eligible for these benefits once they reach normal retirement age while working for the University. These benefits are paid by the University on behalf of the Station. Monies to pay for these benefits do not come from the Station's funds. GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* establishes standards for the accounting and financial reporting for other postemployment benefits, including disclosing funding for the plan.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

3 OTHER POSTEMPLOYMENT BENEFITS (Continued)

The amount of the Station's liability is not readily determinable by the University as the calculation is based on the combined salaries of all University employees as a whole and shown on the University's financial statements as such

4 CAPITAL ASSETS

Capital assets consists only of equipment at June 30, 2012 and 2011. Depreciation taken on equipment for the years ended June 30, 2012 and 2011 was \$24,275 and \$24,980, respectively

A summary of changes in equipment follows:

| | <u>June 30</u> | |
|-----------------------------------|------------------|------------------|
| | <u>2012</u> | <u>2011</u> |
| Balance at beginning of year | \$ 927,495 | \$ 910,538 |
| Accumulated depreciation | <u>(834,014)</u> | <u>(809,032)</u> |
| Balance at beginning of year, net | 93,481 | 101,506 |
| Additions during current year | - | 16,955 |
| Depreciation expense | <u>(24,275)</u> | <u>(24,980)</u> |
| Balance at end of year, net | <u>\$ 69,206</u> | <u>\$ 93,481</u> |

5. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Upon separation of employment, both classified and non-classified personnel and their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. The method for computing the liability for unused annual and sick leave conforms to Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. The liability for compensated absences has thus been calculated on a maximum of 300 hours of accumulated annual leave and on a maximum of 200 hours of accumulated sick leave for unclassified employees having at least 5 years of retirement system credit. The employer's portion of the Medicare tax and/or social security tax expected to be paid on the calculated liability for annual and sick leave has been included in the estimated liability for compensated absences.

The liability for unused annual leave and unused sick leave at June 30, 2012 and 2011 is estimated to be \$65,106 and \$54,265, respectively. Following is a summary of changes in compensated absences payable:

| | <u>2012</u> | <u>2011</u> |
|---------------------------|------------------|------------------|
| Beginning Balance, July 1 | \$ 54,265 | \$ 52,182 |
| Additions | 10,841 | 2,083 |
| Reductions | <u>-</u> | <u>-</u> |
| Ending Balance, June 30 | <u>\$ 65,106</u> | <u>\$ 54,265</u> |
| Due within one year | <u>\$ -</u> | <u>\$ -</u> |

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

6. LEASES.

The Station is obligated under two operating leases for the rental of tower space for the operation of WWNO-FM/KTLN

The first lease is with Tower Management, Inc. This lease extends through February 28, 2015 with quarterly lease payments of \$450. The second lease is with SpectraSite Broadcast Towers, Inc. This lease extends through March 30, 2014. In April of 2012, the monthly lease payments of \$5,869 increased by 5% to \$6,162 and will continue to increase by 5% each April until the end of the lease. Combined lease payments for tower rental were \$73,110 and \$69,715 for the years ended June 30, 2012 and 2011, respectively.

The future lease payments due under the noncancelable lease agreements at June 30, 2012, are as follows:

| <u>Year ending June 30</u> | <u>Amount</u> |
|----------------------------|-------------------|
| 2013 | \$ 76,676 |
| 2014 | 80,420 |
| 2015 | 83,525 |
| 2016 | 86,678 |
| 2017 | 91,012 |
| Thereafter | <u>169,889</u> |
| Total | <u>\$ 588,200</u> |

7. PENSION PLANS.

Substantially all employees of the Station are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 5 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0608 or (800) 256-3000.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

7 PENSION PLANS (Continued)

The contribution requirements of plan members and the Station are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA- R S) 11:102. For the years ended June 30, 2012 and 2011, employees contributed 8 percent (TRS) and 7.5 percent (LASERS) of covered salaries. For the years ended June 30, 2012 and 2011, the state was required to contribute 23.7 percent and 20.2 percent, respectively, of covered salaries to TRS and 25.6 percent and 22 percent, respectively, of covered salaries to LASERS. The radio station's employer contribution is funded by the State of Louisiana through the annual appropriation to the radio station. The radio station's employer contributions to TRS for the years ended June 30, 2012, 2011 and 2010 were \$37,622, \$28,664 and \$21,855, respectively, and to LASERS for the years ended June 30, 2012, 2011 and 2010 were \$10,229, \$8,791 and \$7,432, respectively, equal to the required contributions for each year.

8 OPTIONAL RETIREMENT SYSTEM

LSA-R S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid employers in recruiting employees who may not be expected to remain in the Teachers Retirement System (TRS) for 5 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the Station were 23.7 percent and 20.2 percent of the covered payroll for the years ended June 30, 2012 and 2011, respectively. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan for the years ended June 30, 2012, 2011 and 2010 were \$54,536, \$35,872 and \$41,229, respectively.

WWNO-FM RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

9 IN-KIND CONTRIBUTIONS AND DONATED SERVICES.

University support includes donated facilities provided by UNO consisting of office and studio space together with related occupancy costs. For each of the years ended June 30, 2012 and 2011, these donated facilities were valued at \$22,940.

In addition to donated facilities, University support provides other services including, but not limited to, accounting, human resources and payroll. UNO also shares services with the Station, such as utilities and pays the Station's portion of these expenses. These other support services totaled \$340,596 and \$337,209 for the years ended June 30, 2012 and 2011, respectively.

During the years ended June 30, 2012 and 2011, UNO contributed capital assets of \$0 and \$16,955, respectively, to the Station.

During the years ended June 30, 2012 and 2011, the Station received the following donated services from private businesses and organizations:

| | <u>2012</u> | <u>2011</u> |
|-------------------|-------------------|-------------------|
| Radio programming | \$ 63,606 | \$ 61,999 |
| Advertising | <u>60,582</u> | <u>79,930</u> |
| | <u>\$ 124,188</u> | <u>\$ 141,929</u> |

The Station would normally have purchased these services with operating revenues. Management is unable to determine how long the services will continue to be donated.

10 DUE FROM UNO FOUNDATION

During the years ended June 30, 2012 and 2011, the UNO Foundation collected \$321,087 and 374,758, respectively, in contributions on behalf of the Station that were used by the Foundation to pay expenses on behalf of the Station. These contributions and the related expenses are not recorded in these financial statements. At June 30, 2012 and 2011, the UNO Foundation held \$164,481 and \$168,797, respectively, on behalf of the Station.

11 RECLASSIFICATION

Certain amounts in 2011 have been reclassified to conform to the 2012 presentation. The reclassification had no effect on net assets for the year ending June 30, 2012.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

| | PROGRAM SERVICES | | | | SUPPORTING SERVICES | | | | TOTAL EXPENSES | |
|-------------------------------------|----------------------------------|--------------|--|------------------------------|------------------------------|--|---|---------------------------------|----------------|--------------|
| | Programming and Production | Broadcasting | Program Information and Promotion | Total Program Services | Management and General | Fund Raising and Membership Development | Underwriting and Grant Solicitation | Total Supporting Services | 2012 | 2011 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Employee salaries and wages | \$ 94,583 | \$ 164,975 | \$ 60,170 | \$ 319,728 | \$ 130,966 | \$ 43,502 | \$ 31,270 | \$ 205,738 | \$ 525,466 | \$ 490,023 |
| Employee benefits | 23,571 | 66,888 | 20,347 | 110,806 | 42,454 | 12,145 | 10,814 | 65,413 | 176,219 | 147,749 |
| Travel | 264 | 392 | 284 | 940 | 366 | 158 | 27 | 551 | 1,491 | 2,531 |
| Tower rent and utilities | - | 81,610 | - | 81,610 | - | - | - | - | 81,610 | 78,924 |
| Utilities | 274 | 1,814 | 154 | 2,242 | 89 | 122 | 27 | 238 | 2,480 | 1,635 |
| Program costs | 392,120 | - | - | 392,120 | - | - | - | - | 392,120 | 363,269 |
| Repairs and maintenance | 1,827 | 8,633 | 1,027 | 11,487 | 1,280 | 811 | 182 | 2,273 | 13,760 | 12,398 |
| Subscriptions and memberships | 121,083 | - | 7,359 | 128,442 | 13,777 | 1,188 | 6,040 | 21,005 | 149,447 | 148,421 |
| Printing, publications and graphics | 94 | 364 | 486 | 944 | 7,722 | 371 | 3,385 | 11,478 | 12,422 | 15,296 |
| Telephones and postage | 7,261 | 4,300 | 4,080 | 15,641 | 14,323 | 3,701 | 5,974 | 23,998 | 39,639 | 45,409 |
| Supplies | 4,948 | 4,279 | 3,132 | 12,359 | 1,751 | 2,280 | 437 | 4,468 | 16,827 | 12,979 |
| Bank fees | 2,883 | 1,707 | 1,620 | 6,210 | 932 | 1,280 | 287 | 2,499 | 8,709 | 9,554 |
| Audit fees | - | - | - | - | 9,900 | - | - | 9,900 | 9,900 | 9,900 |
| Sick and annual leave | 3,588 | 2,125 | 2,016 | 7,729 | 1,160 | 1,594 | 359 | 3,113 | 10,842 | 2,083 |
| Indirect administrative support | 120,330 | 71,253 | 67,617 | 259,200 | 38,898 | 53,440 | 11,998 | 104,336 | 363,536 | 308,135 |
| Depreciation on equipment | - | 24,275 | - | 24,275 | - | - | - | - | 24,275 | 24,980 |
| Software | 384 | 3,022 | 1,450 | 4,856 | 225 | 9,088 | - | 9,313 | 14,169 | 17,774 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 1,613 |
| Total | \$ 773,210 | \$ 435,637 | \$ 169,742 | \$ 1,378,589 | \$ 263,843 | \$ 129,680 | \$ 70,800 | \$ 464,323 | \$ 1,842,912 | \$ 1,692,674 |

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 14, 2012

Peter J. Fos, President
University of New Orleans
New Orleans, Louisiana

We have audited the financial statements of WWNO-FM Radio Station (the Station), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered WWNO-FM Radio Station's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WWNO-FM Radio Station's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WWNO-FM Radio Station's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WWNO-FM Radio Station's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of WWNO-FM Radio Station, its management and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS

1. The opinion issued on the financial statements of WWNO-FM Radio Station for the year ended June 30, 2012 was unqualified.
2. Internal Control
Material weaknesses. none noted
Significant deficiencies. none noted
3. Compliance
Noncompliance with State laws and regulations. none noted

FINDINGS REQUIRED TO BE REPORTED UNDER AUDITING STANDARDS
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

None

SUMMARY OF PRIOR YEAR FINDINGS

None